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SENSITIVE

SIPDIS

STATE FOR NEA/ELA AND EEB/IFD/ODF
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SUBJECT: LEBANON: FINALLY, POLITICAL CONSENSUS ON CENTRAL BANK
APPOINTMENTS (ECONOMIC WEEK IN REVIEW, MARCH 23 - 29, 2009)

CONTENTS

-- CABINET APPOINTS CENTRAL BANK VICE GOVERNORS
-- NEW STUDY TO CREATE LEBANON ANTI-CORRUPTION STRATEGY
-- TOURISM AND TRAVEL EXPECTED TO CONTRIBUTE OVER \$7 BILLION TO
ECONOMY
-- LEBANON IMPROVES IN COUNTRY RISK SURVEY

CABINET APPOINTS CENTRAL
BANK VICE GOVERNORS

[11](#). (U) On March 26, cabinet appointed four Central Bank of Lebanon (CBL) vice governors after the positions had remained vacant for more than six months because of lack of political consensus on filling them. These positions are traditionally filled by people close to major political leaders on a confessional basis (Sunni, Shia, Druze, and Armenian Orthodox). Since the vice governors represent the majority of the CBL's Central Council, these appointments will revive the important role the CBL plays in setting monetary and credit policy. Other key positions in the public sector remain vacant, such as directors general of various ministries.

NEW STUDY TO CREATE LEBANON
ANTI-CORRUPTION STRATEGY

[12](#). (U) On March 25, the UNDP and Lebanese Transparency Association (LTA) presented a study on fighting corruption intended to assist the GOL in formulating its national anti-corruption strategy. The study is part of the UNDP/LTA project launched in 2005 with Danish Trust Fund and UNDP funding, "Towards a National Dialogue on Corruption in Lebanon." While UNDP resident representative Marta Ruedas noted some improvements in Lebanon's legal and institutional framework, she spoke out strongly on the need to combat the rampant corruption in Lebanon's public and private sectors.

[13](#). (U) Calling corruption "the most transparent thing in Lebanon," because of its pervasiveness, Interior Minister Ziad Baroud said that since 1990 there has been no political will to fight corruption, because its existence maintains the power base of the political elite. He highlighted the need for parliament to support the draft law on access to information, as a step in toward public sector transparency and combating corruption. Lebanon ratified the

UN Convention against Corruption in 2008.

TOURISM AND TRAVEL EXPECTED TO
CONTRIBUTE OVER \$7 BILLION TO ECONOMY

15. (U) The World Travel and Tourism Council (WTTC) estimated that the travel and tourism industry in Lebanon would make a direct contribution of \$2.59 billion to the economy (9.3% of GDP) in 2009. Total contribution to the economy (direct and indirect) is estimated at \$7.78 billion (a whopping 28.1% of GDP) and 28% of total employment. According to the Ministry of Tourism, the number of tourists visiting Lebanon in 2008 reached a record 1.33 million, a 31% increase compared to 2007, and is expected to reach two million in 2009, assuming continued political stability.

LEBANON IMPROVES IN
COUNTRY RISK SURVEY

16. (U) In Euromoney magazine's semi-annual country risk survey, Lebanon ranked 102 out of 186 countries worldwide, compared to 134 in the previous September 2008 survey. While out of 20 MENA countries, Lebanon ranked 12 compared to 15 in the previous survey. Lebanon's rank improvement was the eighth highest rise worldwide, as a stable political environment and a strong economic performance in the face of the global financial crisis improved relative performance. This improvement will ease Lebanon's ability to borrow at lower rates in international capital markets.

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